



HR UPDATE

IN THIS ISSUE

- State of Alaska 457b Deferred Compensation Plan
- Deferred Compensation Q&A
- Unintentional Discrimination: Still Illegal
- Updated Hiring Manager Forms
- LearnAlaska Now Accessible to ALL State Employees
- Collective Bargaining Units

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 • **CLASS STUDY UPDATE:** •
 • For the latest Class Study •
 • information go to <http://doa.alaska.gov/dop/classification/classStudies/> •
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HR Update
Let us Know What You Think

Please let us know what you think of our publication. If you have any suggestions about how to improve the HR Update or topics you think should be addressed, please contact holly.cox@alaska.gov.

State of Alaska 457b Deferred Compensation Plan

By Emil Mackey

In addition to PERS benefits, employees also have access to additional retirement savings benefits. One of these is the State of Alaska 457(b) deferred compensation program. A deferred compensation program is an attractive savings vehicle for many reasons. Generally, a contribution to the deferred compensation plan allows members to supplement their retirement funds and reduce their taxable gross income for the income year in which they contribute.

You are eligible to participate in the deferred compensation plan if you are a permanent employee, long-term nonpermanent employee, or elected official of the State of Alaska and have completed a pay period. Employees who perform work in temporary positions are not eligible to participate in the plan. Participation in the Plan is not appropriate for everybody. Among those who should not enroll are those people who have not yet accumulated regular savings which could be readily withdrawn in event of need and those people who may expect to have more taxable income after retirement than they do now may want to seek advice from a financial planner prior to enrollment.

Only employee contributions are

made to the deferred compensation plan. There are no matching employer contributions. Contributions may only be made via deductions from your pay check. You are 100% vested in your contributions and any income earned on your investments.

For calendar year 2014, the regular contribution limits for participants under the age of 50, is \$17,500 of your taxable income. Members age 50 or older will be able to contribute an additional \$5,500 per year to the regular amount for a total regular contribution of \$23,000 of your 2014 taxable income. This \$23,000 limit is referred to as the “over-50” Catch-up. Members are also eligible to participate in the “three-year irrevocable” catch-up once they enter the year in which they are three years from retirement by age or service, as defined by the PERS Handbook. This allows members to contribute up to \$35,000 per year for three consecutive years (2014 DCP plan year IRS limit), based on an audit of prior years’ missed contributions. Once selected, the decision to enter catch-up is irrevocable and members are not able to postpone or change their three-year participation.

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If the member does not contribute the full amount he/she is eligible to contribute, the opportunity to participate in “catch-up” and recover those limits is lost forever. For more information, or to request an audit, please email doa.drb.dcp@alaska.gov.

Enrollment into the plan is available online or by requesting enrollment forms. To enroll online go to the Great-West Web site www.akdrb.gwrs.com and follow the easy step-by-step process. To request enrollment forms, please contact Great-West Retirement Services at (800) 232-0859.

The minimum amount you can contribute is \$50.00 per month (\$25.00 per paycheck). The maximum amount you can contribute is established by the Internal Revenue Code. You

will want to pay close attention to your annual contribution amount if you are or have been contributing to a deferred compensation plan with another employer. It is your responsibility to ensure that your total yearly deferral does not exceed the legal maximum amount allowed by law for each plan year.

Each payroll, your elected pay period deferral will be deducted from your check and contributed to the Plan. Any time your payroll or your year to date salary is insufficient to support a deferred compensation deduction, the deferral will not be taken until your pay is sufficient to support the deduction. The first deduction will be taken from the first payroll check that runs after the effective date of your enrollment or as soon as administratively possible. Deductions will continue to be taken from each

subsequent payroll check as long as you remain in the plan and have sufficient earnings to accommodate your withholding.

It is important to remember that you can change the amount deferred once each calendar month. A request to increase or decrease the amount of your deferral must be input online or received via KeyTalk® no later than five (5) days from the last day of the month prior to the month in which it is to be effective. You can request your changes either online at the Great-West website at www.akdrb.gwrs.com, through KeyTalk® or by submitting a written request to Great-West using their change form. You also have the option to choose a future effective date for your deferral change.

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Deferred Compensation Q&A

Q: How do I enroll in deferred compensation plan?

A: Call Great West at 800-232-0859 or logon to <http://akdrb.gwrs.com>

Q: The website wants my PIN and I do not know it. How do I get my PIN?

A: If you need a pin number for the website you can contact Great West Client Services at (800) 232-0859.

Q: How do I select and change my payroll contributions to deferred compensation?

A: Call Great West at 800-232-0859 or logon to <http://akdrb.gwrs.com>

Q: How do I cash-in leave to contribute to my deferred compensation?

A: Email your request to doa.drb.dcp@alaska.gov. Email the request with one of the following values:

1. A number of hours you would like to cash into DCP,
2. A dollar amount of leave you would like to cash-in to DCP, or;
3. A request to cash-in “the maximum up to my contribution limit for the year”.

For verification of your identity, please include:

1. Your Full Name:
2. Date of Birth
3. Your Employee ID Number or RIN:
4. Your Home Mailing Address:

5. Your Work Phone:

6. Your best Contact (Home or Cell) if I need to contact you outside normal work hours.

We will process your request and send it to you for review and signature.

Q: How do I participate in the “Over-50” Catch-Up?

A: Members age 50 or older are automatically eligible to contribute the additional \$5,500. There is no additional action required

Q: How do I request participation in the 3-Year Catch-Up?

A: email your request to doa.drb.dcp@alaska.gov

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Members can elect to have a deferral of a cash payment of leave (a.k.a. “leave cash-in”) of a specific dollar amount or number of hours up to the maximum allowable under the IRS limits for the 457b plan. However, this is limited to one per month and a certain number per year, as per bargaining unit agreements. Please contact the Deferred Compensation Queue at doa.dr.b.dcp@alaska.gov for assistance with this request prior to the calendar month in which you expect the payment to be made

The State of Alaska has contracted with Great-West Retirement Services (Great-West) to provide recordkeeping, financial advice and financial education services for the Deferred Compensation Plan. Great-West does not provide any investment options in the plan and receives no commissions based on their recommendations. Great-West is responsible for:

- maintaining the participant’s individual accounts and providing account statements;
- providing financial education to Deferred Compensation Plan participants;
- providing investment advice; and
- providing 24 hour per day, 7 days per week access to information and financial education, except between 10:00 p.m. Saturday and 10:00 a.m. Sunday, Alaska time.

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Q: When is deferred compensation requests processed?

A: As per IRS regulations, all deferred compensation requests are processed no earlier than the first of the month following the request.

Q: What taxes are taken out of deferred compensation?

A: As per IRS regulations, Medicare (1.45%) and SBS (6.13%) are mandatory contributions when any compensation is contributed to the plan. Employees first hired prior to April 1, 1986, and have had no separation from service, may not be required to pay the Medicare tax. Please consult your Human Resource office for questions regarding Medicare taxes.

Q: I need to rollover funds from another account into my State of Alaska deferred compensation. How do I do that?

A: For rollover information, contact Great-West Retirement Services at (800) 232-0859.

Q: Who do I contact to withdraw funds if I have terminated service with the State of Alaska?

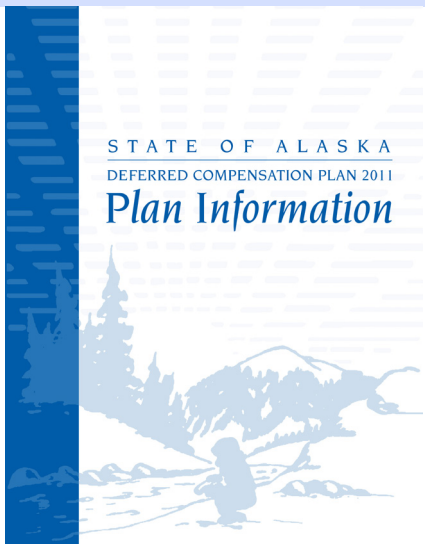
A: Contact Great West at 800-232-0859.

Q: Who do I contact to withdraw funds from deferred compensation if I am still an active State of Alaska employee?

A: For hardship withdrawal information, contact Great-West Retirement Services at (800) 232-0859.

Q: If I have other questions about deferred compensation, who do I contact?

A: Please contact the member services contact center at (800) 821-2251.



••••• For more information and more detailed information, members should review the State of Alaska Deferred Compensation Plan Booklet at http://doa.alaska.gov/dr.b/dcp/plan_pubs/dcp_booklet.html •••••

Unintentional Discrimination: Still Illegal

By Chad Bolduc

Hiring practices that unnecessarily screen out applicants for employment can violate State and Federal equal employment opportunity laws. How can State of Alaska hiring managers avoid unintentionally engaging in illegal recruitment practices? The answer is simple – make sure that all screening criteria are related to the actual duties of the position.

The following case was the first of its kind to be argued in the US Supreme Court. It provides a clear example and explains the analysis of disparate impact theory, an important area of anti-discrimination law.

Before the 1950s, North Carolina's Duke Power Company had two controversial requirements for its higher paying jobs: have a high school diploma and don't be African American. After the passage of Title VII of the Civil Rights Act of 1964 (hereafter "Title VII," which covers unlawful employment discrimination¹), Duke rescinded its policy that African Americans could only hold lower paying jobs in its labor department. The company, however, retained its high school diploma requirement. In *Griggs v. Duke Power Co.*, 401 U.S. 424 (1971), the US Supreme Court ruled that Duke's high school diploma requirement violated Title VII, and disparate impact theory was born.

Under disparate impact theory, an employer's facially neutral policy may violate Title VII if it:

1. poses a disproportionately adverse impact on employees or applicants for employment based on their membership in a protected class, and
2. the policy does not actually pertain to the ability to do the job.

In *Griggs*, the company's policy that applicants for employment required high school diplomas in order to successfully compete for higher paying positions posed a disproportionately adverse impact on African Americans. White applicants were significantly more inclined to qualify for jobs under this policy, because they were far more likely to possess high school diplomas due to deficiencies in the educational system. When the second component of the disparate impact theory analysis was applied, it turned out that a high school diploma was not actually required for success in Duke's higher paying positions. Several white employees who lacked high school diplomas, who were appointed to these positions before the education policy was in place, performed their jobs adequately.

In order to avoid illegal recruitment practices like Duke's arbitrary diploma requirement, State of Alaska hiring managers should review the position description (PD) to relate screening criteria to the tasks to be accomplished by the position. Hiring managers should ask themselves questions like:

- Is the PD current?

- What are the actual physical requirements of the job?
- If you wish to include a test in the hiring process, do you have approval from the Director of the Division of Personnel & Labor Relations (DOP&LR)? This approval is required.
- What level of language/writing skills are required to adequately perform the duties of the position?
- Are the knowledge, skills, abilities, education, and experience questions in the recruitment bulletin related to the duties of the position?
- Are the interview questions related to the duties of the position?

Selection criteria that are applied "across-the-board" to a wide variety of job classes can be problematic. For example, if an agency developed a policy that all applicants' cover letters would be scored for spelling, punctuation, and grammar, the agency may be inadvertently discriminating based on national origin. A high level of English fluency in writing may be required for positions that involve creating error-free written work product. Many other positions, however, would likely not require such a high degree of English writing skill. Therefore, scoring English writing abilities for all positions in a particular agency may well pose an unnecessary adverse impact on people who speak English as a second language due their national origin.

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¹Alaska Statute 18.80.220 is the State law that prohibits discrimination in employment. It is similar to, but broader than Title VII, and it also prohibits disparate impact discrimination.

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Rather than applying the same screening criteria to all positions in an agency, hiring managers should assess the individual job for which they are recruiting.

Disparate impact discrimination is illegal and potentially costly for employers, but it can be avoided. Hiring managers must:

- Look to the PD for the duties of the position prior to developing screening criteria.
- Update the PD if necessary.
- Make sure that all screening criteria are related to the actual duties of the position as evidenced by the PD.
- Think critically about the impact the screening criteria have on applicants based on their membership in protected classes (race, color, sex, age, national origin, physical or mental disability, religion, pregnancy, parenthood, marital status, and changes in marital status).
- Consult with your department's HR staff, and ask whether screening criteria are supported by business necessity if you believe they might disparately impact members of a protected class.
- Obtain approval from the DOP&LR's Equal Employment Opportunity Program Manager before beginning a recruitment that involves a bona fide occupational qualification (e.g., a position that requires an incumbent of a particular sex).
- Seek recruitment training from the DOP&LR's Training & Development Program.

Updated Hiring Manager Forms

Recently there has been updates made to forms that are used in the recruitment process.

The WPA Pre-Posting Checklist and the WPA Request for Hire Approval Checklist have been updated to include additional information. If you have downloaded an old version of the checklist please make sure to download the latest version. It should have a revision date as listed below.

- WPA Pre-Posting Checklist (revision date 2/21/2014)
- WPA Request for Hire Approval Checklist (revision date 2/26/2014)

Make sure to go to <http://doa.alaska.gov/dop/workplace/hiringManagerResources/> for all the latest forms and updates for the recruitment process for hiring managers.



LearnAlaska Now Accessible to ALL State Employees

LearnAlaska, the State's Learning Management System, has, until recently, been available only to State employees who have access to the State network (Intranet). This meant that employees working in off-site locations, in outlying areas, or outside agencies could not access LearnAlaska. This application is now available to all SOA employees

regardless of location via a secure Internet connection. To login, State of Alaska employees may use their SOA User ID, usually your first and middle initials and your last name, and password. These will be same credentials used to login to other State applications such as the Employee Documents Online (Online Paystub) application.



Collective Bargaining Units

By Classifications

Most of the positions in the Executive Branch are covered by the Personnel Act, included in the Classification Plan, and their incumbents are represented by a union who has negotiated a collective bargaining agreement.

When you decide to change the duties and responsibilities of one of your subordinates it may result in the position's reclassification to a new job class, but can also result in a change to the bargaining unit, the union representing that employee, and the applicable collective bargaining agreement.

Under the Public Employees Relations Act, collective bargaining units are determined based on such factors as community of interest, wages, hours, and other working conditions of the employees involved, the history of collective bargaining, and the desires of the employees. (AS23.40.090)

The six units covering employees in the Classified Service, and their defining characteristics, are:

General Government (GG/GP and GY/GZ):

Statewide unit of classified, nonconfidential, nonsupervisory employees of the Executive Branch not included in another bargaining unit. The unit includes clerical, technical, professional and administrative personnel.

Supervisory (SS):

Statewide unit of classified, supervisory employees of the Executive Branch not included in another unit.

Labor, Trades and Crafts (LL):

Statewide unit of classified, nonsupervisory, trades and crafts employees of the Executive Branch.

Confidential (KK):

Statewide unit of supervisory and nonsupervisory classified employees in the Executive Branch who assist and act in a confidential capacity to a person who formulates, determines, and effectuates management policies in the area of collective bargaining.

Public Safety (AA, AP):

Classified, nonsupervisory, nonconfidential employees of the Department of Public Safety who have primary responsibility for the prevention and detection of crime and the enforcement of State laws (fish and game, penal, traffic or highway) and require certification as a police officer by the Alaska Police Standards Council. This unit also includes classified, nonsupervisory, nonconfidential employees of the Department of Transportation and

Public Facilities who have primary responsibility for international airport safety and fire protection and require certification by the Alaska Police Standards Council.

Correctional Officer (GC):

Classified, nonsupervisory, nonconfidential employees who have primary responsibility for the safety and security of State correctional centers and inmates, and require certification by the Alaska Police Standards Council.

Positions in the Classification Plan whose incumbents are not currently included in Collective Bargaining Units are:

Partially Exempt (PX):

Positions designated partially exempt by statute or by decision of the Personnel Board pursuant to AS 39.25.130.

Excluded (EE):

Positions in the classified service which ALRA has specifically excluded from existing bargaining units by order and decision; positions no unit has petitioned to represent; and positions excluded from other units by mutual agreement of the State and the otherwise appropriate bargaining unit representative.